

NakedShorts

Alternative thoughts on alternative investments...my adventures in the capital markets...and unsolicited opinions on anything else that comes to mind

February 27, 2008

Wiping the smirk off his face

Come in Scammy, your time is up



Samuel Israel III, the only Bayou hedge fund fraud defendant to have so far evaded his comeuppance, will be sentenced Apr. 14 by a judge tired of “granting endless extensions of time so that Mr Israel could be sentenced at his convenience (which is, apparently, never) or so the Government could take an infinite amount of time of hold ‘meetings’ with Mr Israel.”

Provoked by what she described as “an extraordinary letter” from Scammy’s counsel, requesting yet another sentencing deferral, Judge Colleen McMahon issued an extraordinary letter of her own earlier this month, ripping “inexcusable presumption” on the part of counsel for both the Government and the defense for the latest, and apparently last, delay.

Scammy was to have been sentenced tomorrow, Feb. 28. But on Feb. 5, his counsel sought the umpteenth sentencing deferral since the Bayou founder and chief executive’s guilty plea in Sep. 2005.

Mr Israel requires three surgeries: one to replace his pacemaker, one to replace an electronic device implanted in his body to address pain, and one to decompress one or possibly two discs in his lower spine...he has two rods and ten screws already in his spine. He suffers from aggressive degenerative [degenerate, surely?—Ed] disc disease.

Resisting the temptation to seek volunteer surgeons from the ranks of defrauded Bayou investors, Judge McMahon—who, in late January, sent former Bayou chief financial officer Daniel Marino down for 20 years—was unsympathetic.

I am not interested in defendant’s medical problems, especially since it appears that he has taken a rather desultory attitude to resolving them, in the apparent belief that his sentencing could and would be endlessly postponed...His failure to attend to these medical matters in a timely fashion is hardly the fault of the court, and should have no impact on his sentencing date, since if Mr Israel is sentenced to a term of imprisonment, his medical needs can be met by the staff of the Bureau of Prisons...

...Mr Israel will be sentenced on April 14 at 10 am...There will be no adjournment of this date FOR ANY REASON WHATEVER; if Mr Israel has back surgery between now and then and is still not ambulatory, he can be brought to his sentencing in a wheelchair. [Emphasis in original].

From where, assuming McMahon dishes the same treatment she did Marino, he will be immediately wheeled off to the Metropolitan Detention Center. Complete correspondence after the jump. Or, for Scammy, the high jump.

Defense counsel letter to Judge McMahon

US v. Samuel Israel III: Order

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